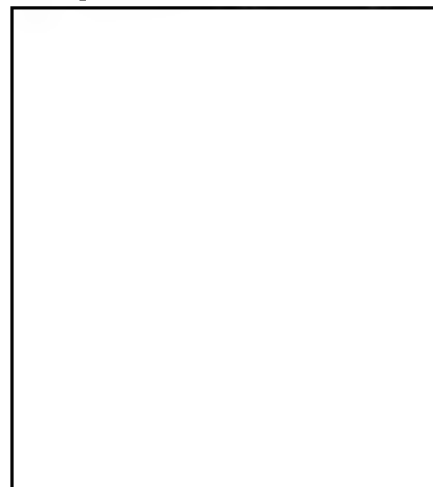
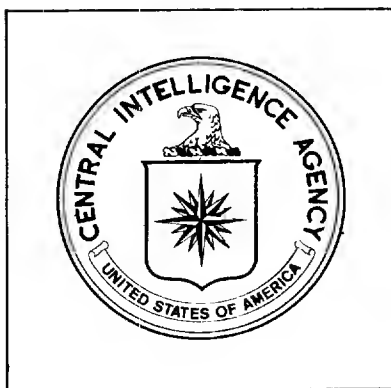


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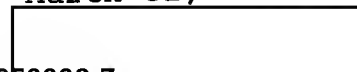
STAFF NOTES:

Soviet Union Eastern Europe

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SOVIET UNION - EASTERN EUROPE

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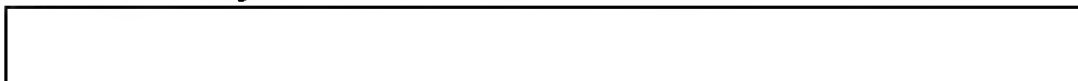


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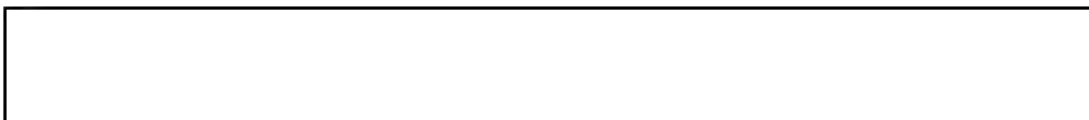
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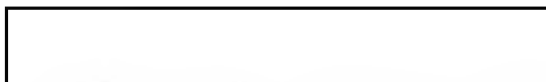
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Moscow Strengthens Ties with Portugal

Moscow is trying to strengthen its ties with Portuguese leaders, even at the risk of arousing West European suspicions of Soviet intentions in Portugal.

The Soviets gave unabashed front-page coverage to Portuguese Labor Minister Costa Martins, who was in Moscow last week for what would normally have been a routine visit. Costa Martins, whose membership in the Armed Forces Movement was clearly the chief reason the Soviets unrolled the red carpet, met for three hours with Soviet Premier Kosygin. The Soviet Premier, speaking "on behalf of the Soviet leadership," expressed solidarity with the Portuguese government and the Armed Forces Movement. Costa Martins subsequently told the press that Kosygin had promised that Soviet aid to Portugal would be forthcoming. Moscow has been notably reluctant to give the Portuguese, including Communist leader Cunhal, reason to believe that large doses of economic aid are a live possibility.

The aid question was probably one of the topics raised by Portuguese Communist Party Secretary Pato when he met with Soviet Party Secretary Katushev in Moscow last week. *Pravda's* account of this meeting gave little hint of how the talks went.

Moscow's public coverage of the abortive March 11 coup and its aftermath suggests that it has few qualms about how the situation there is evolving. Against this are reports circulating in Lisbon and elsewhere that the Soviets are fearful that the Portuguese political situation is changing too quickly and that Moscow is doing what it can to counsel moderation. Such reports could be true; they also, however, help Moscow to deal with expressions of concern it has received from the West Germans, the Italians, and others regarding Portugal.

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The Pendulum Swings on Soviet Nonconformists

Over 100 painters from several Soviet cities reportedly held an exhibit of their unconventional works in seven Moscow apartments over the weekend, amid heavy surveillance and threats by the KGB. According to Western press reports, the artists had been warned earlier that the show would be considered "anti-Soviet," but they went ahead anyway with what they described as a "prelude" to a long-planned public exhibit this spring. The prospects for official approval of their application for an exhibition hall, pending since late February [redacted] are unlikely to be improved by their bold action this weekend, which the authorities may well view as a provocation.

Probes such as these of the regime's intentions at a time when cultural policy is still unsettled may be engendering growing "corrective" action. Prominent dissident Roy Medvedev was recently warned against continuing the publication of his new underground journal *20th Century* as well as against his other dissident activities. This is the first time in three years that the regime has focused on Medvedev, a Marxist-reformer

[redacted]

The pressure against Medvedev came just before the disruption by police last week of Passover services at Moscow's synagogue, a surprisingly harsh move that Jewish sources link to the regime's efforts to discourage emigration. Two young Jews were reportedly sentenced in Moscow on March 31 to five years in exile for their participation in a recent pro-emigration demonstration in front of the Lenin Library. The same day, stubborn dissident Anatoly Marchenko was sentenced to four years

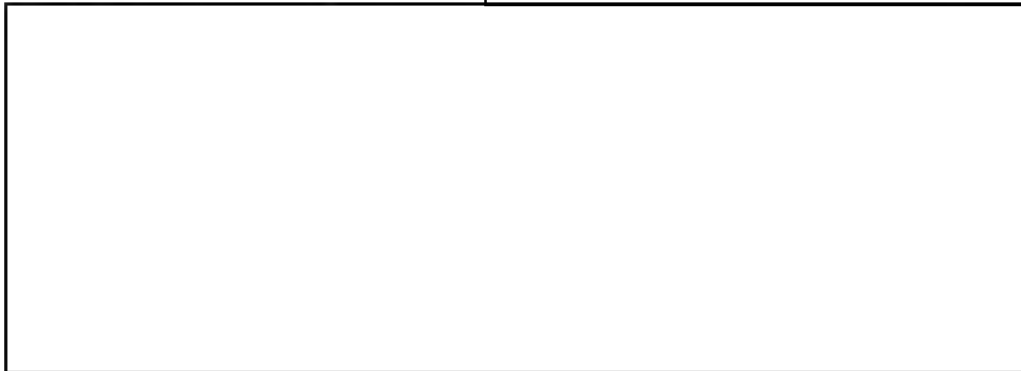
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in exile for violating his parole, although his persistent efforts to emigrate directly to the US may be the real cause of his troubles. Moreover, Slavophile dissident Vladimir Osipov, arrested last fall for his renewed *samizdat* activities, has been moved--according to dissident spokesman Andrey Sakharov--to a Moscow psychiatric institute for pre-trial investigation.

These and other recent developments suggest that the regime believes its recently more pragmatic approach to some aspects of nonconformism is being misinterpreted and that the public tests of its tolerance during a time of flux in cultural policy have gone too far. If so, its recent moves may indicate a decision to crack down on dissidents of various shades, or at least tamp down their most visible public activity.



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Ceausescu Goes to the Ramparts

Ceausescu's nationalistic speech of March 28 was a calculated retort to the bloc's recent implicit criticisms of Bucharest's independent ways. The speech, together with other Ceausescu activities, suggests that Bucharest is again under pressure from Moscow to mend its errant ideological views, particularly on the role of the nation in the Communist system and on multilateral party conferences.

Ceausescu's speech took place amid increased calls for ideological confirmity. Such calls have become more numerous since the conference of secretaries for ideology, culture, and international affairs held in Prague in early March. The Romanians delivered a calculated snub to both the recent Hungarian congress and to the Prague gathering by sending the lowest delegations in the Soviet bloc.

Ceausescu used the 30th anniversary of Romania's higher party school as the occasion to deliver remarks that, although pointed, fell short of his stinging best. He made his points obliquely, criticizing those who, "denying or underestimating the role of the nation, equate a pre-occupation for development and assertion of the nation with nationalism, and subsequently label this so-called nationalism as anti-Communism." These words clearly reflected Bucharest's ire at the resolution adopted at the recent Hungarian party congress calling for a vigorous repudiation of "chauvinist, nationalist, and anti-Soviet views, which are particularly dangerous for the unity of socialist countries and the international Communist movement."

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In defending Romania's national communism, Ceausescu asserted that:

- "Legitimate diversities on the path to socialism will always be labeled anti-communist by a few.
- "The Romanian party must make an active contribution to the correct analysis of revolutionary changes. Marxism-Leninism is not a dogma set once and for all."
- "Those who label so-called nationalism as anti-communism are both wrong and are doing an injustice to international communism. Such false accusations lead to a lessening of concern for equality among states."

Events preceding Ceausescu's speech also reflect Bucharest's irritation with its Pact allies. Ceausescu gave a nationalistic interview to an AP correspondent in Bucharest on March 25, and followed up with talks with Todo Kurtovic, the Yugoslav party's secretary for agitation and propaganda, on March 28. The two sides "reasserted the wish...to intensify the exchange of views between the two parties in the ideological domain," including "ideological activity on an international plane."

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Crime in Soviet Industry

On March 26, *Ekonomicheskaya Gazeta* published a strong statement by B. A. Viktorov, Deputy Minister of Internal Affairs, on his ministry's war on crime in Soviet industry. The article indicated that a new MVD "university" will play a major role in combating industrial theft.

Viktorov begins his article by noting that "shortcomings" in the economic system allow "dishonest people" to pursue their criminal activities and then proceeds to enumerate these deficiencies. The catalogue of shortcomings that facilitate the theft of state property includes the setting of artificially high norms for natural losses and expenditures of raw materials within the production process; carelessness; a multiplicity of prices for similar categories of goods; "economically unfounded" price differences in state procurement; personnel policies which allow "compromised" employees to occupy positions of trust, and non-uniformity of receipt, requisition and order forms. These deficiencies not only encourage theft but also channel more goods at higher prices onto the illegal market.

To combat crime in industry, Viktorov proposes that People's Control Committees assume a more active role. He believes that because they are independent of economic ministries the committees will be more effective than internal control mechanisms. Internal control mechanisms are unreliable, the author says, and cites the example of a plant in Kirgizia where in four years local inspectors discovered only one irregularity--a salary overpayment of 3 rubles. Yet on the same day this crime was discovered, goods valued at 12,000 rubles were stolen by employees.

To help meet the problem, Viktorov notes that the MVD is adopting a new sophisticated approach. A

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new MVD "university" has been established to train personnel to find weak spots in the system. The school will train individuals in law enforcement techniques as well as in economic and agricultural theory. Almost as an after-thought, Viktorov claims that "positive results" in combating economic crime occur only where party organs "carry out systematic effective work" in raising the moral consciousness and responsibility of workers.

Viktorov's article is the most authoritative to appear on the subject of industrial crime in recent years. The establishment of a new MVD school to help deal with the problem is an indication of the magnitude of industrial theft and the determination of the ministry to solve the problem.

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USSR: Zhiguli Owner and Entrepreneur

The private car owner in rural USSR is only one step away from being an entrepreneur and could become *nouveau riche* in one growing season if he also has a private plot for growing melons, tomatoes, and other money crops. Even without a plot of his own, an enterprising car-owning teacher, accountant, or other professional who has a new Zhiguli and trailer, and time to pick and peddle, can buy wholesale in the country and hawk sales on busy street corners. Or, more lucratively--and less visibly--he can sell produce to restaurants.

Details of such unsocialist behavior have begun to appear in the Soviet press, suggesting it is sufficiently widespread to attract official attention. The press also reports instances of private plots being turned into plantations with green houses and irrigation systems to increase surplus crops, which are legally marketable at cooperative markets.

With prospects of personal enrichment enhanced by the acquisition of a private car, the fraudulent purchase and illegal use of automobiles have been increasing. The press reports that in one village, 44 cars were bought under assumed names, some by out-of-towners posing as resident farm workers but with such real-life titles as chief of a city planning office and member of a city prosecutor's office. Soviet officials are worried about the trend toward entrepreneurship because they fear it could lead farmers and professionals to quit their regular, "socially useful" jobs.

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Communist Conferences

A Soviet diplomat in Belgrade has told a US official that the Berlin conference of European Communist parties will probably be "untied" from the European Security Conference and that a majority of the parties favor holding the meeting in May. [REDACTED]

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This scheduling would not deviate from Moscow's public commitment made last year to hold the conference "no later than mid-1975." The Soviets have frequently stated privately, however, that the European Communist conference in Berlin should come after the completion of CSCE. Moscow may now fear that CSCE will not be ended this summer, and does not want to delay the Communist party meeting until the fall because of its interest in moving toward a world Communist party meeting.

There is some logic to this, but--the statement of the Soviet diplomat in Belgrade notwithstanding--the evidence suggests that the Soviets have made no firm decision to push for a European Communist party meeting in May. The Soviets recently told [REDACTED] that the European meeting would come after CSCE. There is also some question whether, at this late date, Moscow could speed up the careful, even desultory, step-by-step movement toward the Berlin conference without in the process compromising its efforts to get as broad-based a meeting as possible.

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Among the more reluctant of the Communist parties have been the Yugoslavs, who have made a particular

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point in recent weeks of stressing that their participation in the European conference is by no means ensured. The Soviet diplomat's suggestion that the conference could be held in May may have been intended to place pressure on Belgrade to drop its reservations.

What is clear is that the Soviets have intensified the buildup for a world Communist conference. At the recent Hungarian party congress several East European party leaders dutifully declared that the time was "ripe" for such a meeting, and the subject was also discussed at the meeting between Brezhnev and his East European counterparts in Budapest. No firm date or place was settled on, but the Soviets are reportedly aiming for late 1975 or early 1976,

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Polish Economic Problems

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According to accounts in Polish newspapers, the Politburo and the government presidium held a joint session on March 25 to discuss efforts to "perfect" (read, reform) certain aspects of the country's economic-financial system. Although Warsaw has not yet announced any organizational changes, we cannot exclude the possibility that some corrective actions have already been taken. Numerous personnel changes within various economic ministries over the last six months may be the prelude to wider changes.

There is no doubt that economic priorities and policies are causing concern within the leadership, and the recent meat and butter shortages, which now appear to be under control, are apparently only one aspect of the problem. In a speech to the parliament on March 26, Prime Minister Jaroszewicz assessed the regime's policy of heavy foreign indebtedness and the high rate of investments in surprisingly defensive terms. He also emphasized that strains can be expected to accompany a policy of dynamic growth. Jaroszewicz appeared to be addressing not only specific criticism from the public, but also from within party and government circles.

We agree with the embassy's assessment that, to date, there is no evidence of the formation of political

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factions that are seeking to use economic policies and problems against the leadership. If the current discussions are accompanied by more short-term crises such as last month's shortages, however, individual leaders could become more vulnerable.

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